

**ARIZONA STATE PARKS BOARD
GROUP ROOM AT LYMAN LAKE STATE PARK
HIGHWAY 191, 11 MI. SOUTH OF ST. JOHNS, AZ
MAY 26, 2005
MINUTES**

Board Members Present:

Elizabeth Stewart, Chairman
William Porter
Janice Chilton
William Scalzo
John Hays

Board Members Absent:

William Cordasco
Mark Winkleman

Staff Present:

Kenneth E. Travous, Executive Director
Jay Ream, Assistant Director, Parks
Jay Ziemann, Assistant Director, External Affairs and Partnerships
Cristie Statler, Executive Consultant
Debi Busser, Executive Secretary

Attorney General's Office:

Joy Hernbrode, Assistant Attorney General

A. CALL TO ORDER – ROLL CALL

Chairman Stewart called the meeting to order at 9:05 a.m. Roll Call indicated that a quorum was present.

B. WELCOMING REMARKS

C. LYMAN LAKE STATE PARK REPORT – Tom Fisher, Park Manager

Mr. Tom Fisher, Park Manager, Lyman Lake State Park, welcomed the Board to Lyman Lake on behalf of his staff and park volunteers. He distributed a packet containing information on cabins and yurts and the park. Mr. Fisher addressed the significance of Lyman Lake State Park. They have several "firsts": the first recreational state park in the system; the first park to have cabins (four); the first and only park in the system to have yurts; one of only two high country parks (Fool Hollow being the other). He noted that the park will be very busy this weekend (Memorial Day) with people coming up from Phoenix to get away from the heat.

Mr. Fisher reported that the lake has gained approximately 16' this year – 8' better than last year. The lake is still down about 14'. Last year it was possible to walk across the lake from this meeting room. They will be in much better shape this year.

Mr. Fisher discussed current projects. There is a \$1.2 million ADOT roads project under way that will take care of a lot of the roads in the park. He referred to the Master Plan and pointed out the roads that will be improved. He noted that a lot of the roads within the park will be paved; parking spaces at the boat ramp will be added. It is a sizable project. The only negative to it is that it will be done during the park's busy season. Work began this week and is expected to end around Labor Day. Plans are under way to put in a boat storage facility. It will be the same as at Patagonia Lake State Park except that Lyman Lake's will have some drive-through bays vs. back-in bays.

Chairman Stewart asked if the boat storage is for the park's boats or the public's.

Mr. Fisher responded that it is for the park's boats.

Chairman Stewart asked if there are any problems with the various uses in the lake.

Mr. Fisher responded that it is a big enough lake that problems can be avoided. When it is full the lake is about 3 miles long and 1 mile wide. Currently the lake is 2.5 miles long and 3/4 mile wide. He noted the buoys on the lake. They designate the west end of the lake is a "no wake" area. The fishermen can go places the jet skis cannot. There is an area for the skiers to go. They can separate everyone at this lake. They cannot separate the jet skis from the water skiers. Those groups seem to get along well.

Mr. Porter asked if all the drowned vegetation will pose any hazards or problems.

Mr. Fisher responded that, with the gaining of 16' this year, there are a lot of trees in the water. There could be some potential problems. Most of them are fairly close to the shoreline. He doesn't anticipate many problems. They have had to buoy off a couple of places. He noted that the lake has not been full since 1993. He has been at the park since 1984. From 1984 to 1993 the lake was full every year. When the drought hit, he never thought it would last this long.

Chairman Stewart asked if there are plans for adding cabins and yurts.

Mr. Fisher responded that they are looking at some hard-sided yurts with insulated walls. The yurts in the park now are not insulated. The hard-sided yurts will give year-round use vs. seasonal. The current yurts are shut down from November 15-March 15 because it is just too cold.

Chairman Stewart asked if geodesic domes were considered.

Mr. Fisher responded that they could possibly work here. At Homolovi they are looking at the possibility of putting hogans in. They are open to just about anything. The cabins and yurts have been fantastic for the park. They are celebrating two years of having them open. This year they could take in approximately \$50,000 this year.

Chairman Stewart asked if they are full from Memorial Day through Labor Day.

Mr. Fisher responded that there was an article in the *Arizona Republic* that featured Lyman Lake. Since the article appeared, their phone has been ringing off the hook. Most people don't have any idea what a yurt looks like. They are wondering what it would be like to stay in one. It is a novelty and now everyone wants to come and stay in a yurt. He believes the same would be true for a hogan or any other similar structure.

D. CONSENT AGENDA

- 1. Approve Minutes of April 21, 2005 State Parks Board Meeting**
- 2. Consider Transferring the Unexpended Balance From the Maricopa County Trails Heritage Fund Project #680213, Goat Camp Trail Renovation to Trails Heritage Fund Project #689905, Goat Camp Extension/Acquisition** – Staff recommends increasing the grant award to Maricopa County for Trails Heritage Fund Project #689905, Goat Camp Extension/Acquisition by \$6,337.90 to \$16,657.90. AORCC unanimously concurred with the staff recommendation at their April 14, 2005 meeting.
- 3. Consider Adopting Revisions to the Motorized Trails Program Grant Rating Criteria** – Staff recommends adopting the proposed Motorized Trails Program grant rating criteria revisions beginning in the FY 2006 recreational Trails Program (Motorized Portion) Grant Application Manual.
- 4. Consider Adopting Revisions to the Trails Heritage Fund Grant Rating Criteria** – Staff recommends adopting the proposed Trails Heritage Fund Grant rating criteria revisions beginning in the FY 2006 Trails Heritage Fund Grant Application Manual.

Mr. Porter made a motion to approve the Consent Agenda. Mr. Hays seconded the motion. The motion carried unanimously.

Chairman Stewart noted that regarding Item 2, the transfer of funds, she had considerable difficulty getting adequate justification. She had several E-mails and phone calls. It concerns her that it appears that there is not adequate information in the files. She finally discussed this item with Mr. Scalzo this morning and received additional information. This is something that needs to be looked at because the Board is operating a grants program and is subject to audit. Anyone should be able to look in the files and explain what it is going on and why. Procedures need to be in place.

E. ACTION/DISCUSSION ITEMS – The Board may take action on the following items:

1. Establishment of an Arizona State Parks Climbing Park

Chairman Stewart noted that this item was taken care of at yesterday's Board meeting.

2. Property Acquisition Priorities

a. Verde River Greenway

Chairman Stewart noted that this item was handled at yesterday's Board meeting.

Mr. Ream noted that staff are in very preliminary discussions with a couple of land owners along six miles of the Verde River Greenway on some key pieces that were Priority 1 when it was first begun. The Board may be seeing them in future meetings.

Chairman Stewart requested that if Natural Areas money will be used that it go to NAPAC for a recommendation.

b. Kelly Property (Catalina State Park)

Mr. Travous reported that there is no update on this property at this time other than that this is a property staff have been looking at. It is part of the Pima County bond election. They had difficulty getting on the property to look at it and provide staff with a report. It is not known whether the owners want to sell that property or not. Pima County is even having trouble talking with United Realty, the owners' representative. There is not much movement. There is no appraisal yet.

Mr. Travous noted that Pima County passed a bond to help the agency acquire the property. This is a property staff always wanted to attach to Catalina State Park.

Mr. Ream noted that it could sell for twice as much as even the County predicted. The County predicted \$5 million maximum. The property may be worth \$10 million.

c. Santa Cruz River (Rio Rico)

Mr. Ream reported that in October 17, 2002 the Board met in Tombstone. The Board had just successfully purchased the 220 acres which was Phase I from the Sonoita Creek property the Board already owned all the way down to the Santa Cruz River. At that time the agency's relationship with Rio Rico Properties and Avatar was very strong and they inquired as to whether the Board would be interested in the Santa Cruz. The Board said, "Yes." He then read the motion that was made at that meeting. "Mr. Porter: I move that the Executive Director take any and all steps necessary (including the encumbrance of state funds) to accomplish Phase One, namely the acquisition of the Sonoita Creek Corridor from Fresno Canyon to the confluence of the Santa Cruz River, and a buffer strip of land west of Fresno Canyon, including encumbrance of state funds, through negotiation for purchase at fair market value, based on a valid appraisal, and subject to satisfactory clearance of title, environmental, and other due diligence matters, and further to pursue Phases Two, Three, and Four as appropriate."

Mr. Ream stated that, given those directions, staff have been working with Rio Rico/ Avatar on the purchase of the Santa Cruz River. Staff went about it in two different tacts. The first was to work out a sales contract with Lee Storey of Moyes and Storey. He E-mailed and faxed Ms. Hernbrode's memorandum on that to all Board members. Because Sonoita Creek is a natural area, staff took the

assumption that this would be a continuation of that natural areas park. Staff turned the analysis of the property over to NAPAC to see if it fit natural areas criteria. Because of turnover in NAPAC and in the Resources Management Section, it has taken some time. Last week NAPAC identified two parcels (NAPAC identified them as Tier 1). The map is included on page 30 of the Board packet.

Mr. Porter asked what Tier 0 means.

Ms. Hernbrode responded that NAPAC rated the properties in order of acquisition priority with Tier 1 being the first priority; Tier 2 a little behind; Tier 3 a little behind 2; Tier 4 and Tier 0 are properties NAPAC is not particularly interested in acquiring.

1) NAPAC Recommendation

Mr. Ream noted that the Tier 1 properties come with an extensive list of caveats from NAPAC. Those caveats come from the contract. Even if the Board really wanted the Tier 1 properties and the Board took action to acquire them today, there is a proposed contract that, as it currently stands, may not keep those properties in the natural areas criteria Tier 1. There are problems in the contract relating to the Tier 1 properties. There is a proposed contract that negates some of the Tier 1 property acquisitions.

Ms. Hernbrode explained that areas that are purchased with Natural Areas money must be deemed eligible as natural areas. That means that they are either in a natural state with unique biologic, geologic, hydrologic resources. The resources must be either in a fairly good state or they must be capable of being rehabilitated. Also eligible for Natural Areas money are buffer properties or connective properties that would protect or connect eligible properties. The agency must also manage those properties to maintain those natural values. If a property was not in a natural state we would be required to rehabilitate it back to the natural state. Some of the property at Rio Rico as proposed for purchase is in fact laser level farmland. With enough money, water and time anything can be rehabilitated.

Ms. Hernbrode stated that NAPAC took a more practical view with these parcels. They looked at what would be the very important biological components and what could realistically be expected to be rehabilitated so that when the public shows up and sees a sign that says this property was purchased with Natural Areas money they get excited about it.

Ms. Hernbrode apologized for the length of her memorandum to the Board and for the fact that it did not get to some of the Board members. Rio Rico has provided staff with approximately 50+ pages worth of contracts. She tried to lay out the major components for the Board. She reviewed the memorandum.

Ms. Hernbrode noted that the first provision in the contract is that there are no water rights associated with this property because these properties are owned by Rio Rico and Rio Rico Utilities. The water rights for this property are necessary to allow Rio Rico's development of their remaining parcels. They intend to essentially strip the water rights from these properties and transfer them to their properties to be sold for homesites and building sites.

Chairman Stewart noted that it would probably be problematic to maintain those that are in a current natural state without secured water rights and to turn those that are not in a current natural state in those that are.

Ms. Hernbrode responded that one of NAPAC's concerns is that they need water to perform rehabilitation. This current contract does not contain any water rights to do that. Rio Rico has made oral promises about water rights; staff have seen nothing on paper yet.

Ms. Hernbrode stated that, regarding the purchase of Sonoita Creek, they took the water rights from those properties as well, but they gave us water rights for hand-pumped wells for trail water for the users. Those are not included in here.

Ms. Hernbrode stated that there is a provision for no hunting on the property. There is a historic adobe barn near the property. There is some dispute as to whether or not it is on the property. Some of the NAPAC members from the area say this is not included in the property they want to purchase. There is irrigated farmland that is currently on the parcel that must be managed and maintained so it remains open space and open fields with the appearance of open farmland (without any water rights!). NAPAC has a serious problem with doing that when purchasing with Natural Areas money.

Mr. Hays stated that it disturbs him very much that there are no water rights. It is incredible that they could ask this much money for a flood plain with no water rights.

Ms. Hernbrode responded that Rio Rico has asserted that Arizona State Parks (ASP) would be able to use effluent recharged wells for rehabilitation purposes and that there would continue to be water running in the river as a result of the effluent plants. They have also asserted that they will probably never use all of their water rights and that ASP could potentially purchase them back or lease them. However, it is not in writing.

Ms. Hernbrode stated that the fifth provision is that Rio Rico reserves an easement over the entire parcel. They promise to use reasonable efforts to blend facilities with a natural aesthetics of the area or place them under ground. They will allow ASP the opportunity to comment on any plans to construct facilities, but there is no requirement that they comply with those comments or requests.

Chairman Stewart asked if the easements are for utilities.

Ms. Hernbrode responded that the blanket easement is for about eight or so different uses. The blanket easement means that Rio Rico can place those facilities anywhere they like. They can be for roads, power, pipelines, utility crossings, a treatment plant, bridge crossings, temporary crossings, etc.

Mr. Porter stated that we are clearly far from any possible, feasible agreement at this point. Conditions are being set that would make it an absolute prostitution of the concept, from what he's seeing. It is puzzling to him that somewhere this thing has really gone sour. When the Board was doing the Sonoita Creek project with Rio Rico the relationship was strong and they seemed enthusiastic about working with the Board. They jumped to make almost everything the Board raised as a problem work. He gets the impression that the opposite is happening here. He is curious as to what's happened. He asked if there's been a change in their personnel.

Mr. Travous responded he did not believe that is the case. He believes that the Board has the worst case scenario in front of them. He believes that they are interested in working with the Board. This is an agreement drawn up by their attorney that represents all of the protection she can think of from their side. It is all so one-sided that staff have not even responded to it.

Mr. Travous added that if there's a pony in here somewhere it's that there are some lands on the river bottom that, with the right conditions, NAPAC believes are eligible.

Mr. Porter asked, if what the Board is going to wind up with is nothing but a patchwork of a swath here and there that meets the criteria, what will the agency do with it. That is the problem. It won't accomplish much of anything in and of itself. His concern would be trying to get a cohesive plan that would provide a reasonable protection and rehabilitation of some of those areas. He is certainly not encouraged by what he sees here.

Chairman Stewart noted that it really emphasizes the importance of site visits. She and Mr. Hays went on a site visit. She, like Mr. Ream, was very enthusiastic about the concept and the project from the time the Board heard about it until about two months ago. She went to a NAPAC meeting where they raised a number of concerns. She was very impressed with how thorough they were. These are people who all want to see this happen. Most of them are from the southern part of the state and are familiar with the project. She became concerned when they were saying that a large part of this did not fall as natural areas and then began talking about what it would take in terms of labor and money

to rehabilitate it. When she and Mr. Hays went out there she was shocked. There were a couple of beautiful spots. But, there were some that she is not sure the agency has the wherewithal to manage under any circumstances.

Mr. Hays stated that he thought it was beautiful; the concept was great. But the price, with the caveats, is not good. It seemed to him Rio Rico should be giving it to the Board for \$1 and good will. Even if the Board accepts this, it's not getting very much.

Mr. Travous stated that the crux of this is the water. If the Board is going to buy something with Natural Areas money that is living, it takes water. Two things staff do not have yet are: NAPAC has not said how much water is needed; Rio Rico, in spite of their promises, need to tell staff how much water we can get. On several occasions they have assured him that they have more water than they need; that there are a lots that have water ascribed to them where they can't build and that they are reworking their plan. This is not a typical Arizona thing – you never tell anyone you have more water than you need. Because they are reworking their plan, he believes, at this juncture, they will hold onto everything until they see how much water they really do need. Staff do not know how much we need; staff don't know how much we can get. It is real risky to bank it on effluent opportunity.

Mr. Travous added that, that being said, the other thing that has happened over the last two or three weeks is that he has had three different groups of people either in his office or on the phone wanting the Board to not turn its back on this. They want to come to the July Board meeting. Others will have to step up to the plate with other ideas, other money, and more than just a partnership. The Board needs to rethink this whole thing. There are a lot of people, including Pima County, who want to see it protected because it has impacts on what they are trying to do because the river runs north.

Mr. Hays noted that Tucson will have to look for water within this century. The most logical place, if there is excess water, is in Rio Rico. They could run a pipeline to Tucson. He believes there will be real conflicts down the road with the City of Tucson.

Mr. Travous stated that Avatar is ready to turn over all of this property for a \$1 lease while things get worked out. He asked Mr. Tobin two weeks ago if they would be willing to do that with another group besides us – the Sonoran Institute or the Southern Arizona Land Trust or TNC. Mr. Tobin said he thought they would. He believes we need to get the Sonoran Institute or the Southern Arizona Land Trust, TNC, and the County all together and see what we can come up with and bring it back to the Board at the July Board meeting.

Chairman Stewart stated that a couple of things really strike her. The current price on this project is \$10 million over 4-5 years, which is every cent the Board would have available. That would then prevent the Board from doing any of the other things they've talked about. From the NAPAC meetings she attended and the tour, it appears that this is a property where the Board would not be able to charge admission fees because of the way it's set up. It can't be controlled. The illegal migration path is right through the property; there's at least one water station on it. That poses some serious problems for some federal parks. There's been violence at some of them. The federal government now requires two armed rangers to patrol together as a result of a ranger being killed at Organ Pipe National Monument. It's something the Board has to be mindful of.

Chairman Stewart added that when NAPAC talked about what it would take to rehabilitate those parts that need it, which is a good deal of it, it was pointed out that it is difficult given the vegetation that is there now and what would be required. It is very time consuming. Then there's the flood plain area – the gravel pit area. Trash runs down the river. There is a need for constant clean up. She seriously questions whether ASP is the best to manage it. She believes that it needs to be protected – it's important – but she doubts that we are the best people to manage it for a number of reasons. If the Board is the entity that has it, people will immediately demand that it be brought up to a higher level whereas if the County has it or a land trust has it, people will be more mindful of the costs to do

it. They will be more understanding than if the Board has it. The Board does not have the ability to, first of all, buy it. Even if they were to give it to the Board for free, the Board would have to seriously look at whether we are the best entity to manage it. Another question is whether this is really a state park or more of a regional park. The Board has much more money it could help them with through the grants program. They could apply under the Heritage Fund LRSP. Since this is primarily a trail, they could apply under the Trails program. They could also apply under LWCF when the Board has those moneys. If Natural Areas money were not used, then some of these areas that need to be rehabilitated in order to use that money would not have to be rehabilitated. There are a lot of reasons why it would be best for someone else to own and manage it.

Mr. Hays suggested that it should be a Santa Cruz County project. It is almost right down through the most urbanized public center of the county. It is a main pathway for legal and illegal recreation. He believes that the Board might be taking on a tremendous burden of maintenance and policing.

Chairman Stewart added that, with the budget being what it is, the only way the Board could do it would be to take from its other existing parks in terms of operations and maintenance.

Mr. Hays noted that it would be a great thing for Rio Rico Properties to have a park maintained by someone else. He's not sure we're the right ones to do it. He's not sure if it was given to the Board that we should do it.

Chairman Stewart stated that, from what she's seen so far, she would have a hard time supporting the Board's assuming the responsibility for it even if it were free. She is not sure the Board is the best entity to do it. She does believe that the Board should be a partner and should try to help in coming up with a feasible plan. She believes that the Board thought that this was like an extension of Sonoita Creek with the same kind of terrain; it really isn't. There are some issues that have arisen that were not issues back when the Board first discussed it; the illegal migration was not nearly the problem it is today in terms of safety and the destruction of public lands.

Mr. Hays noted that Sonoita Creek is fairly easy to control; it isn't a pathway for illegal activity; there's no trash washing in from Mexico; it's not in the middle of a subdivision. Originally it was to be gifted to the Board.

Mr. Travous responded that it is still structured so that they could. They could still give the Board the mountain top land around the backside – the San Cayatano. The natural areas community say it is not a natural area. It's natural, but it's not the valuable land that is down along Sonoita Creek.

Mr. Porter noted that Sonoita Creek made good sense because it trails down from Patagonia.

Mr. Travous stated that he believes they will still be willing to give the Board property, particularly the mountain part. When it gets back to their attorney, things are added that were never discussed.

Mr. Porter stated that, in some ways, this discussion is reminiscent of discussions that occurred with the Arizona Historical Society (AHS) back in the 1980s when they went through a transition that in some ways mirrors the change this Board is going through in trying to define who we are and what we do. AHS went through a process where they had accepted a lot of stuff that had been given to them that probably had some historic use or value. There was no cohesive plan for its use; there was no feasibility to really rehabilitate it and get it mainlined so it could be effective. They suddenly discovered that they had become a dumping ground for a lot of things. They had a difficult time getting rid of a lot of that stuff. The Board has to be careful to not let themselves get drawn into that kind of situation. On the other hand, what came out of all that is that AHS made a very successful transition to becoming the major advisory entity on those kinds of properties around the state. They now have a field services division that is really the nuts and bolts of the organization and gets out into the hinterlands. It doesn't possess property; it doesn't even remotely think about operating, managing, or controlling. It gives advice and helps make things happen. It helps keep partnerships working together to get and keep things functioning. This is the very kind of thing, if the Board is

going to become the best agency of its type engaging in conservation, resource management, etc., will face more and more of where the Board will probably say, "No, we don't want to own this; we are not in a position to operate this, but we can try to put together a consortium," and act as an enabler. This may be a good test of that kind of thing. It goes hand-in-hand with the change the Board is trying to make in who it is. He suspects that five or ten years ago if the Board decided it did not want to be involved in this they would have probably packed their tents and gone home. He is not proposing the Board pack its tents on this; he is proposing that the Board may soon give up on the idea that we will take it under our umbrella and operate, manage, and be responsible for it.

Mr. Travous suggested taking a step back and look at the bigger picture and think about the future from our conservation, natural resource management perspective. One of the things that was done when the San Rafael was purchased was to protect the headwaters of the Santa Cruz River. We are already engaged in the long-term effect of water in the Santa Cruz River by making sure that the land grant was not divided into 40-acre parcels that would have drained all that water out before it even hit Mexico. The Board did a big thing with that purchase. In looking at the big picture, the Board could be up front and say it is not interested in managing this but sees the value of protecting and restoring the Santa Cruz River from the Mexican border up to San Javier (in Pima County). The Board could encourage other entities to use its name as they apply for federal grants. The Board is not interested in managing one more acre. The Board could work with those consortiums and look at the big picture and perhaps include Mexico by having the Arizona-Mexico Commission look at protecting the Santa Cruz as it loops back down through Mexico and back up north. That is a "big picture" kind of thing. It will take a long time.

Chairman Stewart stated that she did not think the Board wants to own it, either. The ultimate responsibility falls back on the owner even if someone else manages it.

Mr. Hays noted that Santa Cruz County appears to be desperate that it be protected and become a park. They have a lot of local support. He wondered whether the Board could help them create a county park through its grant mechanism.

Chairman Stewart noted that the Board has a competitive grant program and cannot make any representations that they would get the grant money. The Board does provide consultation and assistance in filling out the grant applications to anyone who asks. The Board's experience has been that those who avail themselves of the seminars and consultations with staff score highly. They would have an excellent chance of receiving grants.

Mr. Scalzo stated that that all sounds very good. He noted that the operational costs the County would assume would be the same as for the State. The Board does not give grants for operational costs, nor can it. He believes the partnership concept is an excellent idea. That is the only way it will work. He would hope that Santa Cruz County has been aggressive enough in dealing with this developer to put on development fees to use for this purpose. They have state statutory authority to set development fees for open space. Whether they have done that, he can't say. This is a huge development that could help sustain what they need done.

Chairman Stewart noted that Santa Cruz County is not willing to put restrictions on building on the mountaintop; she doubts that they put development fees on the developer.

Mr. Scalzo stated that he believes it is key to force their hand. They need to provide some leadership. However, support from the Board as an organization and bringing together a partnership is important as well. He suggested telling the Attorney from Moyes and Storey that what they propose is totally unacceptable and that the Board will pursue a new approach with a partnership.

Chairman Stewart noted that there are differences in terms of maintenance and operations if the County has it rather than the Board. One difference she sees are that if they don't use Natural Areas money they don't have to maintain it as a natural area. The second difference is that all of the residents in the County won't be demanding that they provide more amenities and manage it at a

certain level because they realize that they can manage it at whatever level they are willing to pay taxes for.

Mr. Travous stated that he sees this as an encouragement from the Board to put these people together and talk about a new process where the Board does not own or manage any of this.

Chairman Stewart responded that the Board needs to make it clear that it is going in a different direction. She suggested that that message might even help the price go down and things to start moving.

Chairman Stewart added that she didn't want the Board to lose sight of the State Trust lands, which are part of the property acquisition priorities. She believes that the Board needs to pay attention to the side of Patagonia Lake that is State Trust land. She asked if there is any further information available.

Mr. Travous responded that he has not had the opportunity to meet with Mr. Winkleman. There is some movement, particularly in the area around Patagonia Lake, to try to get it into a package to protect it for ASP, as well as an area next to Kartchner Caverns State Park. Beyond that, staff do not have any specifics other than what people are telling him is happening in the background.

Chairman Stewart noted that there are about six other critical properties. We are talking about reform that may or may not pass that is a number of years away. As discussed at the last meeting, we need to stay involved.

Mr. Travous noted that an E-mail was just received that included Mr. Renzi's remarks about dropping the bill relating to the climbing park. The bill has been dropped; Mr. Renzi has talked about it. He suspects that between now and July staff will participate in meetings with Mr. Renzi's staff and with Mr. Glass.

3. Strategic Plan

Chairman Stewart noted that the Board had preliminary discussions on the Strategic Plan at yesterday's meeting. She noted that Mr. Cordasco made some comments. During the meeting he mentioned that the Babbitt Ranches had divided their issues into four areas: Organizational, Economic, Environmental, and Community. It occurred to her that the Board should look at that structure because some of the things they have may be more narrow than we want, such as Goal 2 – Training. Perhaps we really want to deal with organizational issues and training would be under that. In moving forward there will be a lot more organizational issues than just training. In terms of Partnerships, perhaps Community is a broader term. We may be talking about being involved in the community and considering what our impact in the community is while not being a partner with them. Partnerships obviously would be a huge part of Community, but Community may be a way of looking at it in a broader way. She suggested that the word "Environmental" is not the right word. She was struck in looking at this document that we still don't really have the concept of the resources – natural and cultural – and that's really why we are all here. The Board selects areas that are outstanding natural, cultural, and historical resources to establish its parks. That seems to be missing. It's in the Mission; it's in the Vision; but it's not one of the main headings in the Strategic Plan.

Chairman Stewart added that Mr. Cordasco mentioned that Economics ought to be a fourth area. She suggested putting some thought to putting the structure into something similar to what Babbitt Ranches has.

Mr. Porter stated he agrees with the Chairman's comments. He believes there is plenty of room to tweak that. When Mr. Cordasco decides to speak up he always seems to throw something very sharp and good into the mix. He thinks Mr. Cordasco caught everyone off-guard. He was a bit embarrassed at not catching the omission of economics and noted staff's reaction to Mr. Cordasco's comments as well.

Mr. Porter stated that, most importantly, he wanted to tell staff through Mr. Travous (who is always

in the Board's crosshairs) that he is so pleased at the obvious effort to meet at least what he had requested in this whole area. He believes that the Chairman had been expressing many of the same concerns that the Board needs to get into a form of strategic or long-range or tactical planning. The entire planning process needed to be in a form where the Board could really understand it, fairly quickly cut through the chaff, and have a good idea what its goals are for a given time period with some measurability where the Board would know if it was proceeding in those directions. His expectations for transitioning from what had been done to what he hopes to see were that it would take longer. He thought this would be the infancy stage and it would probably be about a two-year period to really begin going in the direction the Board wants to go. He is amazed at what staff have done. Staff did exactly what he had hoped to see.

Mr. Porter stated that he agrees the Board needs to take a hard look at the categorization of goals and perhaps some of the specifics. He believes that the methodology was exactly what he was looking for. He congratulated staff on their efforts. At the same time, he's not sure the Board can sit here today and say what needs to be tweaked. He's not sure that, apart from giving staff the input they provided in this regard, that the Board really should go any further. The idea would be for staff to go back and look at it again realizing that some important issues (economics) were overlooked. He is very pleased. He believes, once it's been tweaked enough and everyone gets used to it, this plan will provide a much more workable process.

Mr. Porter noted that he did not really understand what was bothering him so much about what was done in this regard before. He knew something was bothering him but didn't know why it bothered him as much as it did. It's because we really were mixing apples and oranges in trying to give the Governor's Office what they want, which quite frankly he doesn't believe helps the Board at all or gives any real guidance or assistance. He knows how bureaucracy works and he knows what they want – figures. That's fine, but that is not planning; it's reporting. That's the problem. What the Board was given before was a report; it's not a strategic planning process at all. It will only work by divorcing the two.

Mr. Porter stated that he is very pleased with the document and likes what he sees. He noted that staff probably knew that PAMS had to be in there. At least two Board members are firmly of the opinion that PAMS is critical to where the Board is going. Unless the Board understands its assets it cannot manage them properly. It's almost revolutionary. Because of that, it goes a huge step towards the Vision if it can be instituted. It was instantly gratifying to see PAMS in there. He congratulated staff for mentioning AHS under Partnerships. It shows a subtle change in thinking. He is pleased and does not have anything specific he would suggest changing. He likes the direction we're headed.

Mr. Scalzo stated that he would like to see some of the refinement discussed yesterday and give staff the opportunity to do that refinement, taking into account some of the things Mr. Cordasco mentioned if they make sense and fit. He believes this is a process and staff tried to do dual processes. That's difficult. He has no problem with where it's going, with the addition of economics. He is particularly a fan of the partnering idea. He believes staff captured a number of things that are essential to make them what the Board has talked about being – the best and finest and recognized as such. It's not easy; this is a process and people don't like processes. It isn't exciting; it's work. He has no problem with the direction staff are taking. He certainly does not want to throw it out and create something new. He is not saying Mr. Cordasco's concepts aren't good. They are very good. Let's see how they blend in here rather than try to start cutting it apart now before we have actually seen more meat on the bone.

Chairman Stewart noted that she mentioned yesterday that she looked at the State Land Department's Strategic Plan. They have a lot of things that are similar to what the Board is doing. They have managed to do the Strategic Plan along with the information that goes to the Governor. She does not think that possibility should be abandoned. Staff might want to look at their plan. They include things such as providing efficient internal support and coordination to enable the department

to accomplish its Mission, improve department productivity and minimize costs through increased efficiency and risk reduction, develop and implement measures to improve external customer service, continue an effective program with land conservation on appropriate state land while ensuring continued economic benefits to the trust. It's very similar to ours. It's taking care of our properties and at the same time bringing in revenue.

Mr. Scalzo asked how they measure that. It sounds more like a vision than goals.

Mr. Porter stated that he much prefers the more specific goal-oriented approach.

Chairman Stewart noted she had comments on a couple of specific items. She had mentioned last year that under Guiding Principles and Values she wanted to see something stronger about the natural and cultural resources. It says that we value the diversity of Arizona's resources but she believes we should really be valuing the natural and cultural resources. That's what we're all about. While the resources are mentioned, the emphasis is on diversity as opposed to valuing the natural and cultural resources themselves. She would like to see that worded more strongly. Under our Mission we are supposed to manage and conserve Arizona's natural, cultural and recreational resources. When we're establishing them we're supposed to select these outstanding natural resource areas and cultural areas. The natural and cultural resources should be specifically emphasized in the values.

Mr. Scalzo noted that we also emphasize recreational resources. That's where the diversity is.

Chairman Stewart stated that the only reason the Board has a park at this location is because this is an outstanding natural area. The Board would not have picked some mowed down field in the middle of nowhere to set up a state park. It's these natural and cultural resources that cause the Board to establish the parks. That's why people want to come here.

Mr. Scalzo suggested that location is another reason for establishment of parks. There are a variety of other factors involved. He is primarily concerned with natural resources, but he has also found that we sometimes make minor adjustments to make it more attractive to a larger, diverse population so they come and appreciate them. The word "diverse" does not bother him much. The way it is worded here he thinks it means a diverse facility. He understands that the Chairman wants to emphasize the natural resources are important.

Chairman Stewart responded that part of the new Vision is to emphasize the Board's stewardship of those resources.

Mr. Scalzo pointed out that it's in the Mission.

Chairman Stewart agreed it's in the Mission, but felt it should be one of the Guiding Principles and Values. If we say that we value diversity, customers, teamwork and participation, we could make it stronger by adding natural and cultural resources.

Mr. Scalzo stated that he liked the reference to the average cost per state visitor. Information like that is very valuable to show staff do a job very inexpensively. When the agency needs money it can compare itself to Colorado or California and ask whether this agency is being funded appropriately for a state with a population that is one of the fastest-growing in the nation.

Chairman Stewart referred to Goal 4 of the Vision and Design document - Pursue establishment as a parks and conservation agency. She stated that the Board is already established as Arizona State Parks and already has its Mission. If we are getting back to the issue of a name change she has a real problem with it.

Mr. Travous responded that is not the case. That's why it is written as "parks and conservation agency" rather the "Parks and Conservation".

Chairman Stewart stated that she believes the Board is already established. If the Mission is to acquire, develop, maintain, and conserve then we're already there.

Mr. Porter stated he would prefer to cut down into the body of it and draw some of it up to "EXTERNAL". The Board have all agreed that beginning to work with partners, both geographic and programmatic, is important. Perhaps that's what the goal would be.

Mr. Travous noted that Mr. Porter stated he wanted something bold. This was his attempt at being bold. He understands that some Board members do not like the word "conservation".

Chairman Stewart noted that she likes the word fine; it's problematic and too narrow. She has had discussions with a number of people. She believes resource management is a broader term. She has talked with a number of staff people who are concerned about the discussions of changing the agency's name to a Department of Conservation.

Mr. Travous noted that one could talk to a number of people on staff on any subject and find someone in the organization who has an issue with it.

Mr. Porter added that the Board must remember that what exists in statute, and it's rather absurd, is a Board. When you get down to it, changing the name is almost out of the question because of the way it's set up.

Chairman Stewart noted Mr. Scalzo's earlier point is well taken. We are trying to enhance our reputation as opposed to establish an agency.

Mr. Porter stated he wanted to concentrate more on the goal part of it and the real gist of that falls under Goal 4B of Issue 2. The idea of becoming a real clearinghouse for setting up these kinds of partnerships.

Chairman Stewart suggested combining them and say enhance our reputation as a parks and resource management agency.

Mr. Porter responded that he does not want to enhance the Board's reputation at all; he wants to get some brass tacks accomplished. He wants to get some things done.

Mr. Travous noted that it struck him during the tour of Fool Hollow yesterday that Mr. Wilson spent the most amount of talking about what they are doing with the Forest Service in cutting down trees that are diseased and treating the trees to prevent disease. This park (Lyman Lake) was established because of the lake. It's not a natural lake. At the same time, there is a trail all around the park. We do so much of this without giving ourselves credit for it. Staff are trying, in his estimation, to not only make new strides but also to recognize what is already going on. There is a lot going on that doesn't make it up to this level of the organization. Mr. Wilson's discussion yesterday really opened up his eyes. He suggested that most of the parks have those kinds of things going on that they are not getting the credit for.

Mr. Porter suggested that the Board has given staff the guidance they need on this issue.

Chairman Stewart referred to the Strategic Plan, the Performance Measure relating to percent of new building/facilities which meet LEEDS Silver Standards.

Mr. Ream noted that that is the Governor's new requirement for energy efficiency.

Chairman Stewart asked if staff will do something in the development projects to blend them in more with the environment. She is not sure that's really captured anywhere and it is an important enough issue to be included. Having building standards are good, but if the building is placed in the wrong spot it destroys the view or the best part of the resource.

Mr. Ream responded that a lot of thought goes into the location of a building, including convenience to the guest. Additionally, there are a lot of environmental standards in place that might determine placement of a building. Even though it is not written down, it does go on behind-the-scenes.

Chairman Stewart stated she would like to see a process in writing. The Board discussed involving the Natural Resources people with the Development people so that the best possible site can be

selected so there can be informed decisions about the impact a building will have on the resource. The agency may move in a direction where convenience to the customer is not the number one consideration. It may be more convenient but it may, in fact, destroy part of the reason people come. There has to be an informed decision process. She feels there needs to be a process and she would like to see it in writing where there is an evaluation and involvement by both sections.

Mr. Porter noted that he is horrified about the situation at Oracle State Park where the first thing one encounters when driving into the parking lot are those awful outhouses. That is a good example, quite frankly, where the placement is horrible. Something needs to be done eventually about that and staff need to avoid doing something like that in the future. If nothing else, there needs to be some way of masquerading them.

Mr. Scalzo noted that that is the result of a problem this agency has – they don't have the money to do rehabilitation and beautification in some of the natural settings. They are stuck with facilities like this building where the roof is falling off. It's not that they aren't taking care of it; they don't have the money to do those things that make it aesthetically more pleasing and fit better into the environment.

Chairman Stewart responded that she is referring to new development projects.

Mr. Scalzo stated he would prefer to take care of what the Board has first. He is concerned that we are always stepping into the new park and forgetting about all of the wonderful resources we already have which, a few years ago, were the new parks. It is very easy for elected officials to forget; as a Board, we cannot forget and have to try to make sure we find ways to support staff to get that kind of money. That's the money staff never get; that's the money for rehabilitation that seems to never be there. It will get worse; it will not get better. It could result in having to close it or tear it down. Then these customers who count on the park will be left out. They can't have a birthday party at the park or a day out. The Board will be hurting its own customers. That's a problem. In his park system, some of their biggest problems are bathrooms.

Chairman Stewart noted that she is talking more about these things being taken into consideration when there is a choice. She believes that Mr. Porter's example was good. They could have been placed at the opposite end of the parking lot rather than right there in the front.

Mr. Scalzo noted that how much it costs to operate and how maintainable it is must always be considered. That's key. In the case of port-a-johns, it is easy to move them.

Ms. Stewart noted that the cabin she is staying in has the restroom right next to it and a cage that has some kind of tank. The tank could have been placed behind the restroom and it wouldn't have been right next to the cabin where it is visible from the porch. People come here because of the beauty of the area. She believes more consideration for those things would be helpful.

Chairman Stewart noted that there is something in this document about doing annual reports on historic structures. She questioned whether one a year would be enough. There isn't anything beyond just doing a report. The Board talked about making this a priority using what money is available. Perhaps we should do something about those rather than establishing new facilities.

Mr. Travous noted that the agency only has so much money available. Every time a report is done, it leaves less money to take care of things that are falling down. It's a real problem. He noted that that Board will give the agency 5% of the Historic Preservation money of the Heritage Fund. This Board could order going from 5% of \$1.7 million to \$1.7 million to take care of its own historic needs first.

Chairman Stewart noted that the Board can make the choice whether to use what development money is available on its historic resources or on new resources. The Board is not limited to only using money in the Historic Resources fund. There is a real problem with some of the historic buildings. If the Board is going to take the attitude that it will only spend this 5%, it will never adequately protect them.

Mr. Travous responded that he was trying to put it in the perspective that it's not just the historic

buildings – there are sewage treatment facilities that need to be upgraded or the whole plant shuts down; there are buildings that have never had one repair done to them that might not meet historic criteria but are falling down. The change in the budget over the last couple of years had a big impact. Several years ago the agency was relatively flush and was able to tackle a lot of things. Now staff have to decide, in essence, which of their children can go to college.

Chairman Stewart noted that the historic parks have been neglected to such an extent that the point has been reached where the Board needs to take a second look at them and move them higher in priority.

Chairman Stewart referred to the ranger-led interpretive programs. She noticed that for several years staff are going to study developing and implementing new educational programs for a butterfly and dragonfly species list. Several months ago she stated that she wanted to see the agency increase the interpretation programs at parks beyond Riordan and the two environmental education parks and Kartchner Caverns, where excellent interpretive programs are done. Other parks, particularly some of the historic parks, have no regular programs of leading tours. It seems to her that, at a minimum, one tour a week should be offered. That may mean altering operating hours by being open fewer hours a day so time can be devoted to that. While she has no objection to developing the butterfly and dragonfly program, she would really like to see minimum standards in place for interpretive programs that apply to all of the parks. All of the parks ought to have at least one park tour per week available to the public. Volunteers could lead them. This is not something that needs to be studied for two years. Goals with minimum programs to be offered need to be set for all the parks. Rather than starting a new butterfly and dragonfly program, she would rather see staff finish and fully implement the Watchable Wildlife program, which is a little bit broader. It's been very successful in other states. It would bring a whole new audience and clientele to the parks. The Arboretum does a reptile walk. That walk is filled up every week. Volunteers do these things; it doesn't cost the agency anything; it brings people in who might not otherwise come. There are a lot of opportunities that are inexpensive that would greatly enhance the visitor experience. She doesn't know what the statistics are for individual parks. She would guess that a large number of people who participate in these activities are at the four parks where regular programs are in place. Some of the individual parks do an excellent job of offering brown bag series; some parks don't offer anything. She believes every park should offer some sort of tour of the park on at least a weekly basis. She asked staff to come up with some way to challenge all the parks to be more proactive in this area. The Board doesn't hire rangers to clean restrooms. While those things are important, a lot of people became rangers because they wanted to be involved in the interpretation aspect.

Chairman Stewart agreed with Mr. Scalzo's comment about seeing some timelines. A year ago, when the Board first put PAMS in the Strategic Plan, staff asked not to be required to have timelines but would come with timelines this year. The Board has not yet seen a timeline for the implementation of PAMS. It is fine to keep putting in there that PAMS will be implemented. At some point we are not making the kind of progress we need to make. Staff have had a year to look at it; now is the time for specific deadlines to reach certain goals in getting it done. She realizes it costs money; she also believes it's a keystone to moving forward to make decisions based on scientific and other factual information.

F. EXECUTIVE STAFF UPDATES – The Board and staff may discuss and the Board may take action on the following, if requested by the Board:

1. Revenue (Year-to-Year)

Mr. Travous distributed a document entitled Revenue & Attendance. He noted that the bottom of each page shows revenue for the past three years. Revenue has gone from almost \$6.3 million in FY 03 to \$7.4 million as of April 2005.

Chairman Stewart asked if there is anything that the Board should be particularly aware of.

Mr. Travous responded that in March the agency, for the first time, made more than \$1 million in one month because of the wildflowers. There have been good wildflower years before, but the agency had never topped \$940,000 for one month. That figure was surpassed this year by almost \$200,000. Kartchner Caverns State Park (KCSP) is beginning to level off a bit. Marketing staff are working on keeping it stable.

Chairman Stewart asked what percentage of the tours at KCSP are full.

Mr. Ream responded that there are openings in the tours, but that always happens this time of year.

Mr. Travous reported that the tours are probably in the 80%+ full. Some tours will have a lot of openings; some tours will be full. Staff are working with GITA (Government Information Technology Agency) so people can begin making reservations online. Staff noticed that when word gets out that tours are available, people get on the phone, fill up the tours, and then think they were lied to when they can't get a reservation. Being able to book a reservation on line should help alleviate that situation.

Chairman Stewart asked if the Development Tours are in operation.

Mr. Ream responded that there will be one Operations and Development Tour per day. It just came online and will start on June 1.

Chairman Stewart asked if there will be a tour on environmental issues.

Mr. Ream responded that that is the other one that has been implemented.

Chairman Stewart asked if staff are working on another tour.

Mr. Ream responded that he is unaware of any other tours; however, that does not mean staff at the park are not working on a new tour. He believes they are waiting to see how this one goes. There are only two people who work on this type of thing.

Chairman Stewart noted that visitation at Tonto Natural Bridge State Park is down 17%.

Mr. Ream responded that right in the middle of spring break they had the big rock fall that resulted in a closure. The boulder that fell in the middle of the road measured 21' in diameter. Staff are still trying to mitigate the rockslide. There are some safety issues to deal with.

Chairman Stewart noted a decrease at Oracle State Park.

Mr. Ream responded that they had a rainy winter that cut into visitation at a lot of the parks.

Mr. Scalzo asked if Lost Dutchman is up because of the wildflowers.

Mr. Ream responded that about 40 new campsites were added at Lost Dutchman. They are not electrified yet because of some issues with hedgehog and Saguaro cactus. The campground has been opened up for dry camping during the winter.

Chairman Stewart added that a lot of it was the wildflowers. Picacho Peak State Park also saw a big increase.

Mr. Scalzo noted that the media gave great publicity on the wildflowers. It affected the county parks as well. The media just jumped on it and ASP's Public Information staff did a very good job.

Mr. Travous added that Ms. Bilbrey came up with the idea of a Ranger Cam. The rangers would send photographs of the wildflowers each day and they were downloaded to the Website. People could log onto the Website and see what was going on with the flowers. It was a great idea and execution on Ms. Bilbrey's part.

Chairman Stewart noted that Ms. Bilbrey has done some outstanding publicity for the agency over the past couple of years. Every time she opens up *Arizona Highways* and other local tourist magazines there's always an article about one of our parks. There's been excellent coverage.

2. Legislation/2006-2007 Budget

Mr. Ziemann referred to page 31 of the Board packet detailing the status of the Bills of interest to the Board that the legislature dealt with. The General Appropriations Bill, SB 1513 was line-item vetoed. All of the bills that went to the Governor were, in fact, signed.

Mr. Ziemann reported that Senate Bill 1513 was included in the Board packet for informational purposes. He noted that staff agonize over the Strategic Plan and fill out pages and pages of documentation for the Governor's Office of Strategic Planning and Budgeting and the Joint Legislative Budgeting Committee. Staff complete reams of paperwork and work with their staffs and legislators and Appropriations Chairs and the Governor's Chief of Staff. They all have hearings that staff participate in. In the end the whole process comes out to about 30 lines in two bills. It is important to not just focus on the ends. He thought it would be interesting for the Board to see what, after all the discussions that went into this final document, any given legislator really knows about ASP. This is the information they frequently go back to. It's not much.

Chairman Stewart asked if the agency still gets a separate appropriation for KCSP.

Mr. Ziemann responded that it is line-itemed out. Rather than just giving the agency a lump sum as for the other parks, they specifically identify KCSP. It goes back when the agency was still developing it and it was not open. They wanted to track expenditures at KCSP more carefully because it was such a large part of the budget. They continue to do that.

Mr. Ziemann noted that on page 33, line 40 of the Board packet, our general fund appropriation is \$2.3 million. It was more than \$8 million just a few years ago. This trend will continue through the next few years.

Mr. Ziemann noted that on page 34, lines 26-32 refer to out-of-state travel for ASP employees. It is limited to \$5,000 per year for an agency with more than 400 employees. Staff are asked to provide a report to the Joint Legislative Budget Committee. That report will not just be what trips were made; it will include those things that staff were not able to do. It will be very difficult or impossible to attend hearings in Washington, D.C. relating to the bill for the climbing park. No one anticipated that particular need.

Mr. Ziemann reported that in SB 1522 (page 35 of the Board packet), line 25 the Board may continue to use up to almost \$700 of Off-Highway Vehicle (OHV) program for operating expenses. When the legislature only appropriates \$2.3 million from the General Fund and the number of parks hasn't gone down and the number of employees hasn't gone down, the needs to keep these facilities open remains the same. The hole has to be filled somehow. Staff continue to look for other ways to do that. One way is through the OHV funds. The next is the State Parks Enhancement Fund use. That's where the agency is really getting nailed on its capital budget. The Chairman very clearly pointed out that our needs to do capital work at the historic parks have been postponed. At one time half of everything the system made could be used for capital. That's where staff could do the work at Lyman Lake, Tonto, Tombstone, etc. That's where staff had the opportunity to take care of the system's infrastructure. Now, it all has to be used for operations. That money is not being replenished. The agency had about \$10 million in capital available two or three years ago. There was capital money coming in every year. Now there's just a little over \$1 million available, much of which is being swallowed up in situations such as the rock fall at Tonto.

Chairman Stewart asked if staff have considered reducing some of the operating hours. She was struck by the fact that Riordan is open from 10:30 a.m. to 5:00 p.m. Evidently that's not been a problem. She wondered if some of the other historic state parks need to be open every day at 8:00 a.m. Perhaps changing the hours to 9:00 a.m. Monday through Saturday and 10:00 a.m. on Sundays or even noon would be more appropriate.

Mr. Ziemann noted that there are a few issues with that. In Special Session a few summers ago

legislation was put in place that the agency can not only not close parks but not reduce the hours. While that legislation is no longer in place, the sentiment is still clearly there.

Chairman Stewart suggested that it would make more sense to change the hours if the Board did a survey and found that no one is visiting during certain hours. The federal government do not open their historic parks at 8:00 a.m. every morning. Staff would be able to do more things in the community. She's not talking about closing anything; she suggesting a more efficient operation and taking a look at the seasons, when people actually come to the parks, and perhaps having more people and services available when there is more visitation. This would be a good time to look at some of those issues. While it won't make a huge impact, we've reached the point where every dollar counts. If we can offer more value to people in fewer hours it may turn out that visitation and revenue increase a little. It is worth looking at. Some of the recreational parks may not need to be open the same number of hours in the slow seasons. Some of the parks already have adjustments in place. Perhaps staff should look at when people actually come to these parks and when it would make sense to be open. It can make a difference in terms of staffing where there are only two or three people at a park if the park is open more than eight hours a day.

Mr. Ziemann referred to page 37 of the Board packet. He reminded the Board that the Zuni Water Rights settlement was vetoed by the Governor because of the provision relating to the Heritage Fund. The Game and Fish Commission worked with the legislature to come up with other funds that might be appropriated that would be less onerous or offensive. This is the compromise they reached. The Zuni Water Rights Settlement did occur and does not take money from the Heritage Fund.

Mr. Travous noted that as soon as Game and Fish found \$800,000 the legislature released their bill to raise the cap on the fees they charge over the next two years.

Chairman Stewart asked if there were any fund sweeps in this session.

Mr. Ziemann responded there were no sweeps other than those that were anticipated. When OHV money must be used for operating expenses, it is still a fund sweep. He would consider sweeping the entire capital side of the Enhancement Fund a fund sweep. There was no sweep of the Heritage Fund nor the SLIF. The agency is empty as far as capital funds are concerned.

Chairman Stewart asked if there are other areas where the agency could be more efficient in its operations. Do rangers need to do all functions at the larger parks?

Ms. Hernbrode noted that she understands there are places where this efficiency discussion could fall on the Agenda; she expressed concern that it is not specifically laid out on the Agenda.

Mr. Porter disagreed. He believes it is a budget issue.

Chairman Stewart added that it falls under Strategic Planning.

Ms. Hernbrode responded that she understood there are places it could fall, but cautioned about getting too heavily into it.

Chairman Stewart responded that she didn't believe the Board could get too heavily into a discussion on efficiency. It relates to the fact that the Board has to use its capital money for operations. She's asking if there are ways to reduce operating costs so that there is more for capital.

Mr. Ziemann responded that we always have to look at our operations to make them as streamlined and efficient as possible. Just because staff saves money on the operations side does not mean it can be used on the capital side. The legislation does not allow for that. Money is appropriated from the OHV fund (\$692,000) to be used for park operations. If staff only use \$600,000 of it, that does not mean staff can use the remaining \$92,000 for capital.

Chairman Stewart asked if staff are prohibited from using any Enhancement Fund money for capital.

Mr. Ziemann responded affirmatively. All Enhancement Fund money except for the lease/purchase

payment for Tonto has to be used for park operations and cannot be used for capital development.

Mr. Ream noted that the agency is appropriated for \$11 million; it is earning \$8-\$9 million.

Chairman Stewart asked if that means the agency is not meeting its goal.

Mr. Ream responded that it is the legislature's goal.

Mr. Porter added that it is the artificial silliness they established.

Mr. Scalzo suggested that we need a state bond issue for parks and open space. It seems to be something that every other state in the Union seems to be able to do. The public goes for it. We find mechanisms for schools where the public is asked if they want to do something. Part of the funding could be used for state parks, part for local parks, etc. It could be set up for a period of time (10 years or whatever). It's an effort that needs to be made or these resources are just going to fall apart.

Chairman Stewart noted that it would have to be structured in a way that the legislature could not interfere.

Mr. Scalzo responded that there would need to be an oversight committee made up of citizens.

Mr. Porter agreed and noted that otherwise it would just invite the legislature to find ways to take it away.

Mr. Travous reported that he has had discussions with other groups who are doing research on an initiative that could come up as early 2008 on that very issue. His comment to them was that if they are going to look at doing something for state parks they need to put in more money than the legislature can possibly take away. He noted that the State of Oregon passed a bill by initiative three years ago that took all of the left-over Lottery proceeds and ascribed it to Oregon State Parks. It amounted to \$50 million a year. The initiative passed; the Governor got angry; the legislators got angry; the Director of Oregon State Parks was fired (he found another job). He got a message last week from the new director asking if there is anyone who runs the State Fair Grounds as part of the state parks system. Their legislature couldn't take the money away so now they are dumping responsibilities onto the state parks system that shouldn't be there.

Chairman Stewart called for a recess at 11:00 a.m.

The meeting reconvened at 11:12 a.m.

3. Department of Environmental Quality Compliance

Chairman Stewart noted that page 41 of the Board packet contains background information on the ADEQ Consent Order from Mr. Orr. She questioned whether the agency is in compliance and where it is supposed to be at this point in time.

Mr. Ream responded that the agency is not in compliance. One of the biggest problems is in the area of Certified Operators. It is not that the agency does not have operators; it has to do with the fact that as a result of internal surveys conducted by staff and subsequent meetings with ADEQ they are raising the level and requirement for the type of operator we need. The current operators on board are no longer sufficient for our needs. While the agency has certified operators, ADEQ wants to raise the certified operator level. Most parks are classified as transient, non-community which requires the taking of just one sample per month. They want to change KCSP because of the number of employees at that park to a non-transient, non-community classification, which means there are so many people there during the day that we will have to increase our testing. Most of the changes ADEQ is putting on the agency are the result of our own self-evaluation.

Chairman Stewart asked if the agency is in compliance with the Consent Agreement.

Mr. Ream responded that the agency is in line with the Consent Agreement. Staff are going through the Consent Agreement and are meeting the deadline contained in that agreement. Staff

are performing honest self-evaluations. As a result we run into a problem where we don't have a Wastewater Treatment Plant Operator at Buckskin. That's not really true. There is a Wastewater Treatment Plant Operator there; he is no longer at the certification level that he needs to be because of the plant, the number of people who use it, and the number of gallons that go through it. He is working on recertification.

Mr. Ream reported that staff are talking about contracting out some of the parks that are clustered together because of the regulations becoming so stiff. Dead Horse Ranch State Park has an advantage because of being annexed by the City. The City is taking over the wastewater treatment responsibilities for a small fee.

Chairman Stewart asked if our certified operators will get re-certified.

Mr. Ream responded that staff are trying to determine whether to re-certify or contract it out. In some parks it makes sense to get the recertification; in others (Patagonia and KCSP) staff are planning to hire someone at an Operator III grade to run both plants. Once the Wastewater Operator III is in place, that person must, in some cases, be within 100 miles of the site; in other cases that person must be within 250 miles of the site. ADEQ has radiuses where these people have to be stationed. Patagonia and KCSP will be together and are Wastewater III operations and require a Wastewater III Operator. He noted that the River parks are covered by Brian Pendley, who holds a Wastewater III certification. The problem with becoming a Wastewater II Operator is that they must have one year's experience under a Wastewater III Operator. The agency currently only has one Wastewater III Operator. Staff are trying to hire another one.

Chairman Stewart asked what happens when someone is on vacation or out sick.

Mr. Ream responded that they don't have to be on duty all the time. They have to make weekly visits.

Mr. Hays asked if it is possible to contract with the counties.

Mr. Ream responded that that is the kind of things staff are looking at. Many parks are not that close to the county seat. The counties, depending on their size, may also contract out. He noted that staff are trying to piggyback onto ADOT's contract. ADOT ran into the same problem. They had one operator for a lot of different rest areas. They are now contracting out.

Chairman Stewart asked about the drinking water operators.

Mr. Ream responded that all of the violations the agency had have been noticed and are all behind us. All NOV's have been satisfied. As far as the drinking water operators are concerned, it appears the only park that will change is KCSP. He believes the agency is fine on drinking water. A training program will be implemented in November to keep those operators current and move them up. Whether or not ADEQ closes the Consent Order is up to them. Staff hope to have everything done by August.

G. EXECUTIVE SESSION – Upon a public majority vote, the Board may hold an Executive Session which is not open to the public for the following purposes:

- 1. To discuss or consult with its legal counsel for legal advice on matters listed on this agenda pursuant to A.R.S. §38-431-03(A)(3), including:**
 - a. Mabery Easement Dispute Litigation**
- 2. To discuss or consult with its legal counsel in order to consider its position and instruct its attorneys regarding the Board's position regarding contracts that are the subject of negotiations, in pending or contemplated litigation or in settlement discussions conducted in order to avoid or resolve litigation pursuant to A.R.S. §38-431.03(A)(4)**
 - a. Mabery Easement Dispute Litigation**

It was noted that there was no need for the Board to go into Executive Session. This issue could be discussed in public session.

H. ACTION ITEMS FROM EXECUTIVE SESSION

1. Mabery Easement Dispute Litigation

Chairman Stewart noted that Ms. Hernbrode provided the Board with two documents on this issue, one of which was public information and the other was confidential.

Ms. Hernbrode explained that the Board can tell the difference between documents that contain legal advice and legal theories to be protected and those that are generally public. Those to be held confidential are stamped "Attorney Client Privilege" and contain legal advice.

Ms. Hernbrode reported that she had hoped to have a Decision in this case. Prior to this Board meeting the Judge did issue an Order that stated the parties should sit down and try to work things out. As everyone knows, attempts at working things out have been unsuccessful over the years. Mr. Morrow is meeting with Mr. Mabery on Friday to discuss things. Legal staff hope to have a Decision and information on a potential Appeal within the next few months.

I. CALL TO THE PUBLIC

There was no one in the audience who wished to address the Board.

J. TIME AND PLACE OF NEXT MEETING AND CALL FOR FUTURE AGENDA ITEMS

1. Staff is recommending that the next meeting be scheduled for July 20 and 21, 2005 at the San Rafael Ranch/Patagonia

Chairman Stewart noted that the next meeting will, again, be a two-day meeting. The format will be the same as this month's meetings where the Board will meet Wednesday afternoon for discussion of the Strategic Plan. On Thursday, the meeting will begin in the morning.

2. Board members may wish to discuss issues of concern and request staff to place specific items on future Board meeting agendas

Chairman Stewart requested Rio Rico and the Santa Cruz River Corridor, status of the climbing park, and the budget be included on the Agenda for Thursday, July 21.

Mr. Porter requested time on Thursday's Agenda to discuss San Rafael.

Chairman Stewart requested that the Park Manager present a report on San Rafael and that there be an update on the Management Plan for San Rafael.

Mr. Travous noted that there is some housing available at the park for a few people (two bunkhouses and a couple of rooms in the house). He noted that there is potential for an old fashioned barbecue at the house Wednesday night after the Board meeting. Some will have to have lodging in Patagonia or Nogales.

Mr. Porter requested an update on the repairs that need to be made at McFarland. He does not want to lose focus on getting that done.

Chairman Stewart requested information on staffing at McFarland.

Mr. Travous noted that Ms. Montañó has retired from state employment.

Mr. Porter requested that the impacts of the History Convention be included on the Agenda for Thursday. They will be meeting in Tucson and are anxious to tour San Rafael. It appears that Mr. Sharp will personally get involved. Staff need to figure out what is feasible in that regard.

Mr. Ziemann noted that staff will have an update on grants to be awarded in September. Information will include how much money is available, the number of applicants, and the number of eligible applicants.

Chairman Stewart stated that she believes it is important to talk about land acquisition priorities and come up with a plan and direction. She also feels it's important to cover what is and isn't being covered on State Trust Land Reform.

Mr. Porter asked if travel accommodations would be made for the trip to the Ranch. As he recalls, the road is not very car-friendly.

Mr. Travous responded that staff can look into securing vans for the trip to the park - possibly from the hotel.

Chairman Stewart stated how pleased she was as Chairman of the Parks Board to see what the park staff did at the History Convention. The park made a positive impression. She received a lot of thanks from people, comments on how wonderful the reception at Riordan Mansion was, how impressed they were with the Mansion, how they enjoyed Mr. Travous' talk about when ASP took over the Grand Canyon; Mr. Garrison's presentation as part of a panel on conservation at the crossroads; Kathy Farretta's talk on one of the Riordan brothers, and Don Taylor's (Tombstone) paper on the border fights and their impact on the times. Ms. Liz Krug very professionally designed the program, and there were compliments on how easy Ms. Krug was to work with, people enjoyed Ms. Krug's slide show and one even requested a copy. The agency donated great items for the History Convention raffle. People enjoyed the tours at Slide Rock, Jerome, Tonto, Homolovi, and Ft. Verde and are looking forward to next year. ASP did an outstanding job showing the historical community that the agency is an excellent partner with a lot to offer.

K. ADJOURNMENT

Mr. Porter made a motion to adjourn. Mr. Scalzo seconded the motion. The motion carried unanimously. The meeting adjourned at 11:37 a.m.

Following the meeting some Board members toured Lyman Lake State Park. No business was conducted during that tour.

Pursuant to Title II of the Americans with Disabilities Act (ADA), Arizona State Parks does not discriminate on the basis of a disability regarding admission to public meetings. Persons with a disability may request a reasonable accommodation, such as a sign language interpreter, by contacting the ADA Coordinator, Nicole Armstrong-Best, (602) 542-7152; or TTY (602) 542-4174. Requests should be made as early as possible to allow time to arrange the accommodation.

SUBMITTED BY:

Kenneth E. Travous, Executive Director

APPROVED BY:

Elizabeth Stewart, Chairman